



**BB&T Corporation**

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**Edward D. Vest**  
Executive Vice President  
Corporate Controller

October 10, 2006

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, D.C. 20429

Attention: Comments

Re: RIN 3064-AD09: Deposit Insurance Assessments

Dear Mr. Feldman:

BB&T Corporation and its state bank subsidiaries, Branch Banking & Trust Company, BB&T of South Carolina and BB&T of Virginia appreciate the opportunity to comment on the FDIC's proposed risk-based assessment regulations. The proposed method and purpose of the FDIC's premium assessment is a very important matter for us, our shareholders and our customers.

The following comments are based on BB&T's desire to see a risk-based deposit insurance system, which is equitable to all banks, cost effective and based on actual risk the depository institutions place upon the system.

**Risk Differentiation:**

*The proposed system does not fully differentiate the risk posed to the Deposit Insurance Fund by the nation's largest banks. With a minimum assessment of two basis points on most, if not all, large banks, the system does not sufficiently differentiate banks that operate with less risky balance sheets or greater levels of capital.*

*The FDIC should seek a method that will provide further credit-based differentiation. Those banks with better debt and CAMEL ratings over extended periods of time should receive an assessment less than two basis points or even an elimination of the assessment for such low-risk banks.*

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**Assessing Premiums only on Insured Deposits:**

*The proposal continues the process of assessing premiums on all bank domestic deposits, not just the insured deposits. In our opinion, premiums should only be assessed on insured deposits. Assessing all deposits results in institutions with larger-than-average uninsured deposits (as a percentage of total deposits) subsidizing other financial institutions.*

In closing, the banking industry has experienced significant increases in regulatory costs because of the Sarbanes Oxley Act of 2002, the U.S. Patriot Act of 2001, Bank Secrecy, Money Laundering and other laws and regulations. We are incurring more regulatory compliance costs than ever in our history. Please thoughtfully consider the ever-increasing regulatory costs, and the already existing FICO assessment, before layering another deposit premium on low-risk banks. Also, assessing deposit premiums may actually be worse for the insurance fund if the compounding costs of regulation and deposit assessments combine to reduce capital in the banking system. Increased regulatory costs are a very real issue.

Finally, it is believed by many that the DIF balance will exceed \$50 billion by the end of 2006, having grown on average more than \$400 million for each quarter for the last three years. All this growth occurred without imposing any assessment premiums during that period. The fund's earnings from the securities have exceeded its operating expenses and any cost of bank failures by over \$12 billion for the past ten years. The DIF's sound financial condition coupled with growing regulatory costs suggest that risk-based premiums should start at zero, instead of two basis points, and reward banks for sound risk-management practices and strong capital positions.

Again, we thank the FDIC for the opportunity to comment.

Sincerely,

A handwritten signature in black ink that reads "Edward D. Vest". The signature is written in a cursive, flowing style.

Edward D. Vest

cc: Mike Morgan, FDIC